1. *Single union-single employer bargaining* is the typical bargaining structure and is preferred by most employers. Employers usually prefer to negotiate with a single union since this gives them the greatest freedom and the strongest power position to decide what is acceptable. Employers like to avoid having to negotiate a number of contracts with separate unions because of the threat that one group will disrupt the agreements negotiated with the other groups.

2. *Multi-employer bargaining*, also called *coalition bargaining*, consists of more than one employer negotiating with a single union. If an agreement applies to all employers in an industry, it is called *industry-wide bargaining*. This structure allows all the employers to get the same wage rates. Multi-employer bargaining is used in construction, retailing, and service industries.

3. *Coordinated bargaining* consists of several unions bargaining with a single employer. Coordinated bargaining increases the power of many small unions dealing with a large employer. All of the unions that deal with a single employer have an economic interest in the negotiated settlements of the other unions. Therefore, unions such as the Electronic Workers and the United Electrical Workers will form a coalition to negotiate a coordinated agreement with General Electric.

4. *National/local bargaining* consists of an agreement that is negotiated at the national level on economic issues and at the local level on working conditions or other specific contract issues. The United Auto Workers and the car manufacturers use this form of bargaining.

Negotiation Strategies SPHR

The actual negotiations usually involve two teams of negotiators sitting on opposite sides of a bargaining table. At the local level, the union team often has about seven members, including local officers, the union steward, and sometimes regional or national representatives. The management team is usually smaller than the union team, consisting of three or four members from human resources and line management. Top management often avoids participating directly in the bargaining sessions to reduce the possibility of making rash and unwise compromises.

Bargaining Process
The bargaining process usually consists of four stages:

1. *Opening presentation of demands*: During the first formal bargaining meeting, both sides present their demands, unless they have been exchanged beforehand. The union typically goes first, and the management team asks questions to clarify the issues and to assess the importance of each demand. The first meeting is especially crucial in establishing the climate of negotiations—whether the bargaining will be a combative struggle or a cooperative, problem-solving effort. The rules and procedures that will be followed throughout the negotiations usually are decided at the first meeting.

2. *Analyzing the demands*: The demands submitted by each side usually include some that absolutely must be fulfilled before an agreement can be reached, others that are desirable but not necessary, and a few that are included just for trading purposes. The negotiators have to examine each other's lists and try to identify which are the real issues. Sometimes negotiating teams include frivolous demands and later find that they have become serious obstacles to reaching an agreement. Unrealistic demands tend to antagonize the other team and to cause unnecessary deadlocks.

   The order in which the demands are discussed can become a serious negotiating issue in itself. Unions prefer to strike over the most important issues, and they like to have these issues discussed at the end of a bargaining agenda. If agreement is not reached, it is easier to call a strike at the end of an agenda than midway through it.

3. *Compromise*: When the interests of both sides are not identical, a compromise must be achieved. In local negotiations, these compromises can be worked out at the bargaining table by both teams. Sometimes, however, subcommittees of representatives from both sides investigate the issue and try to develop acceptable alternatives. Compromises also can be obtained by each side making counter proposals until an agreement is reached.

4. *Informal settlement and ratification*: After both sides have obtained what they feel is their best compromise, they have to return to their reference groups for approval. Top management must examine the tentative agreement and decide whether it allows them to operate the company efficiently and profitably. Union representatives have to decide whether the membership will ratify the contract.

After top management has approved the agreement, it goes before the union membership for approval. If the majority of those who vote approve the agreement, then it is *ratified* and becomes a binding agreement between the company and union for the duration of the contract period. Written copies of the agreement are prepared and distributed to each member.

In years past, almost every agreement negotiated by union representatives was ratified by the union membership. In recent years, however, only about 90 percent of the tentative agreements are ratified. When the union membership refuses to ratify a contract, union representatives are faced with the difficult and unpleasant task of going back to the bargaining table and trying to win more concessions from management.

Distributive Versus Integrative Bargaining

There are many strategies for bargaining and reaching an agreement. Two opposing strategies have been labeled distributive bargaining and integrative bargaining.[45] **Distributive bargaining** refers to a conflict situation in which each side struggles aggressively to receive the largest share of the rewards. A win-lose relationship exists in this situation. Each side sees the confrontation as a predicament in which the total rewards to be allocated are fixed and where each is battling to maximize its own share. Getting more is sometimes achieved by threats, deceit, and misinformation.

Integrative bargaining refers to a cooperative problem-solving form of negotiations. Both parties investigate problem areas and try to reach mutually acceptable solutions. A working relationship of trust, respect, and acknowledged legitimacy exists in this situation. Communication between the parties is open and frequent. The total rewards are not viewed as a fixed amount to be divided but as a variable amount that both sides can increase and share through cooperative teamwork.

The dominant negotiating strategy in American unions has been distributive, rather than integrative, bargaining. When employers and employees have an open and trusting relationship, the employees generally do not vote to have a union represent them. Where a union exists, distrust, conflict and a "them-versus-us" mentality tend to exist. Consequently, most negotiations are a power struggle between the union and management.

Costing the Demands

Before coming together, each side needs to prepare carefully for the negotiations. Both sides should have factual information supporting their agreements. In addition to knowing about their own, specific situation, each side should have a broad understanding of changes in the cost of living, unemployment rates, profit outlook for business, technological changes, job-redesign experiments, changes in the wages and benefits at competing companies, and other economic conditions.

Union representatives must thoroughly understand the interests of their members. They must know what the members want and how far they are willing to go to get it. When union representatives negotiate an agreement with management, they must know whether the union membership will be willing to ratify the agreement.

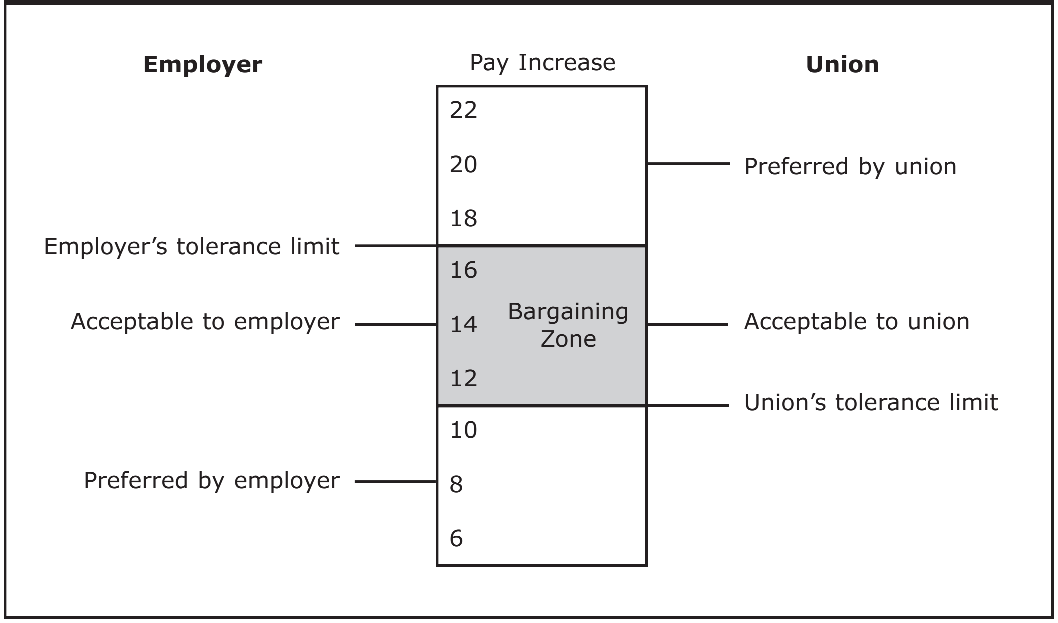
Management representatives need to know how much each union demand will cost, and be able to predict how each concession to the union will influence the profitability and efficiency of the company. This analysis usually is calculated in terms of cents-per-hour increases and total labor cost increases.

Both sides should assess how well the previous agreement has served. Problems in administering the old agreement, inconsistencies in its application, and uncertainties in its interpretation that may apply to the new agreement need to be clarified. This information should be obtained from supervisors, executives, and union leaders who have to administer the agreement and live with it.

Bargaining Zones

The areas in which each side is willing to negotiate comprise the **bargaining zone**. Each side has a tolerance limit and will refuse to negotiate on issues that exceed its limit. A bargaining zone is illustrated in Exhibit 1. For example, anything less than a 12 percent pay increase might be below the union's tolerance limit, and anything greater than an 18 percent increase might be above management's tolerance limit. Therefore, as shown in the exhibit, the bargaining zone for pay increases is between 12 and 18 percent. An additional paid holiday may or may not be in the bargaining zone. A company might be willing to consider another holiday if other benefits are reduced. Or it might consider an additional paid holiday to be prohibitively expensive and refuse to accept it.

Exhibit 1: Bargaining Zone



Negotiation Skills

Negotiation skills are crucial during collective bargaining, but they also help HR professionals in almost every other responsibility since they often serve as mediators between the employee's interests and the employer's needs. Consequently, HR managers need to master the art of give-and-take so they are prepared to negotiate labor agreements and resolve conflicts and hurt feelings. Some of the most important principles for effective negotiations include the following ideas:

1. *Separate emotions and issues*: In addition to the factual issues under consideration there are typically a host of emotional feelings surrounding the issue. People usually need to address these emotional feelings before they can address the issue. Therefore, it is important to acknowledge the emotions and help people feel that they are understood before trying to negotiate the issue.

2. *Set priorities*: Before discussing the issues, each side should carefully decide what really matters and what is important. Important questions to consider are "What are my aspirations?" "What do I really want?" "What are my options if this deal fails?"

3. *Prepare thoroughly*: Before the potential options are negotiated, it is essential to know their short-term and long-term implications. "What would it cost?" "What kind of precedent would it set?"

4. *Ascertain what is really driving the other side's agenda*: It is easier to achieve agreement when you know what the other side really wants and what it would cost you to provide it. Superficial requests should be distinguished from essential demands.

5. *Keep an open mind*: Effective negotiations require a constant give and take until a satisfactory solution is discovered. Dogmatic positions and refusals to discuss all possibilities can prevent valuable explorations that might result in new and acceptable solutions.

6. *Never say never*: Insisting that a proposal is the best final offer and the last chance to settle can get in the way of future exploration. Even when the negotiations seem over, it is good to be open to additional discussion and new ideas for improvements on the agreement and how best to implement it.

7. *Strive for win-win solutions*: Allowing one side to win and the other side to lose is not a long-term strategy for a successful relationship. Both sides need to win or the negotiations need to continue. Unless both sides are committed to providing a winning solution for the other side, the negotiations will fail.

Concession Bargaining

In 1980, Chrysler Corporation was teetering on the brink of bankruptcy in spite of receiving federally insured loans. The president, Lee Iacocca, told members of the United Auto Workers Union that Chrysler would soon have no $22-an-hour jobs, but that if they agreed to his proposed wage concessions, they would still have many $17-an-hour jobs. The union members accepted the wage reductions partly because the white collar employees had made similar reductions (Iacocca's salary was just one dollar), and partly because it was obvious that the concessions were necessary to save the company and their jobs.[46]

The concessions won by Chrysler set a pattern for many collective bargaining agreements by companies that are struggling financially. Negotiations that result in wage reductions or work rule "give backs" are called concession bargaining. The major economic factors that lead to concession bargaining include increased international competition, deregulation of key industries, and technological innovations.

An examination of the reasons why union leaders are willing to accept wage reductions indicate that the most important motive is a belief that the concessions are necessary. Union leaders recognize that they cannot demand high wages and expect the employer to compete successfully when foreign workers perform the same job for considerably lower wages.[47]

Most of the givebacks are not free, however. In almost every case the unions extract some kind of promise that they will share in the economic success of the firm when times are better. Some agreements call for profit sharing, others call for wage increases as profits rise, and some require that union leaders be given positions on the board of directors. Most concessions are also contingent on improved job security, such as promises that jobs will not be eliminated without advanced notice, or that the union will be consulted before a decision to close a plant is made.[48]